

Women Entrepreneurs and Economic Development in Nigeria: Characteristics for Success

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Abstract

The objective of this study is to examine the characteristics that are considered essential for the success of entrepreneurial activity in an economy; and whether Nigerian women entrepreneurs have adequate possession of these characteristics. The success of entrepreneurs is a boost to an economy and their business development is considered a vital link to an overall economic growth of such a nation. This is made possible through their positive impact on economic development at the grassroots. Entrepreneurships are very vital to a nation's economic development as they help to create wealth, reduce unemployment and poverty. In order to perform their vital role in economic development of their households, communities and countries, they need to possess certain characteristics. It has been observed that the survival rate of many micro-enterprises in Nigeria is low, and that some entrepreneurs' access micro-credits from micro-finance banks only to be used to settle other non-business issues. On this premise, this study seeks to examine whether Nigerian women entrepreneurs possess the necessary characteristics, and the effect of such features on entrepreneurial success. Of the 200 questionnaires distributed, 158 were correctly filled and used for the descriptive statistical analysis. The study revealed that majority of women in micro-enterprises had secondary/high school education, had a mean age of 30 years, mean number of children as 3, mean years of business experience as 3 years, married, understood the local language, had training before business and were group members. Motivation, foresight and achievement were also vital characteristics for success. It was also discovered that the majority of the entrepreneurs were not under paid employment before starting micro-enterprises. This showed that they were new entrants into business which may be occasioned by unemployment situation in the country. It also portrayed lack of skill acquisition which called for pre-loan training. The results of the study concluded that women entrepreneurs in Nigeria possess the necessary characteristics for entrepreneurial success. This confirms that most of the failed enterprises belong to the men.

Keywords: Women entrepreneurs; success characteristics; Nigeria.

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Introduction

Entrepreneurships generally, and women entrepreneurships specifically, are vital to the economy of a nation with respect to economic development and poverty reduction. In as much as the government of a country is required to provide the enabling environment for entrepreneurship development in terms of favorable financial, economic, socio-cultural, legal policies and functional infrastructure (Coleman & Kofi, 2008; Iganiga, 2008; Stephen & Wilton, 2006; William & Thawatchai, 2008). Entrepreneurs themselves have roles to play so as to compliment government's effort in enterprise development. These include making good business decisions, having the right motive, making effort to acquire appropriate education or training, business experience or skills, innovation, market information, social networks and so on. For a woman entrepreneur to succeed in her business, appropriate decision making is required of her especially in application of funds or credits acquired because misuse of acquired funds will result to business failure and continued payment of interest. Other essential success attributes of entrepreneurs are entrepreneurial skills, ability to network (to get finance and information) and strategic planning (Reavley & Lithuchy, 2008). Having the right motive (Mitchell, 2004; Porter & Nagarajan, 2005); ambition, self-confident, high level of energy and being less emotional (Idris & Mahmood, 2003) are other characteristics without which an entrepreneur may not succeed in her entrepreneurial activity.

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Literature Review

The role of entrepreneurships in economic development and poverty reduction especially in developing countries nations has been asserted in the literature. Galbraith (2008) argued that the economy of developing nations can be improved through entrepreneurship development. He, however, added that economic development is multidimensional; not only dependent on the traditional economic model of factor inputs but issues such as culture, gender, type of enterprises etc need be considered. Entrepreneurship is looked at as a decision-making process and entrepreneur's success in this wise depends on the situation at hand and the approach adopted. Some decisions require careful analysis while others require application of past experience; and others, the environment (for example government policies) available at that time can make or mar entrepreneurial decision-making (Cunha, 2007). Entrepreneurial attributes such as motive of venturing into the business, business and innovative skills, education and networking ability are also vital elements to consider in entrepreneurial success. The right motive should be the first determinant before entering into a small business, both for male- and female-run enterprises. Such motives include: money, achievement and learning opportunity (Mitchell, 2004). In a similar study, Porter and Nagarajan (2005) added the need for business growth and social advancement as vital motives for successful entrepreneurship, especially female-run. Possession of adequate skills for entrepreneurial success is very crucial. Reavley & Lituchy (2008) supported this fact and suggested that entrepreneurial skills, networking to get market information, customer information, finance and strategic planning were the prerequisites for small business success of female-run enterprises.

Some level of education is another success indicator for entrepreneurship. Robinson and Malach (2004) suggested that classroom theoretical knowledge should be supported with practical business education/training through internships in small businesses. While Ying (2008) emphasized the vital role entrepreneurships play in economic development of a country; as such proper education is necessary in terms of blending theoretical background with practical industrial skills. His study suggested that self drive, commitment and creativity are needed for business success. Again, Lans, Hulsink, Baert and Mulder (2008) were of the view that entrepreneurial competence does not only depend on skill of writing business plan but also recognizing and acting on new opportunities; and that competence is not only acquired by birth but through education, training and work experience. Majumdar (2008) submitted that the value of training/knowledge given to entrepreneur varies from one venture to another, and that growth and performance of small businesses are influenced by the personality and abilities of the entrepreneurs. Ability to network (connections with outside parties providing finance and with social groups) is another characteristic of a successful woman entrepreneur.

Jill, Thomas, Lisa and Susan (2007) concluded that both physical capital and connection networks as well as training were necessary for entrepreneurial success. In a related study, Tata and Prasad (2008) concluded that the performance of female-run micro-enterprises can be influenced by social capital, motivation and opportunity to engage in collaborative exchange; and that this is influenced by gender. This explains why micro-credit programs are vital in assisting poor women entrepreneurs (especially in developing countries) who lack access to credit and other opportunities. One of such programs is social networks in terms of trade unions, peer group formation and other cooperative societies. Entrepreneurs, especially women, also need efficient marketing skills to be able to sell their products or services rendered. This view was supported by Alex (2008) whose result showed that service industry's best marketing practice was promotion and that marketing initiatives were positively associated with service quality. He concluded that effective marketing of small business services will produce great result. Further on the characteristics of a successful entrepreneur, Idris & Mahmood (2003) suggested that being ambitious, self-confident and high-level of energy were the entrepreneurial characteristics. Also, successful entrepreneurs were expected to be less emotional. Roomi & Parrot (2008), in Pakistan for example, had the mean age of women in entrepreneurial activity as 39, mostly married and with mean number of children as 3, high school as their highest education level, had previous entrepreneurial exposure and managerial occupation, and belong to women associations.

Degadt (2003) also discovered that most of the women entrepreneurs were married, followed by those singled, divorced and widowed. Lena & Wong (2003) also had the highest number of women entrepreneurs having high school certificates. Weber & Schaper (2004), Australia, had the age bracket of most women entrepreneurs as 30-50 years; followed by those under 30 years. Antoncic (2006) argued that a minimum of 3 years business experience is considered sufficient to assess an entrepreneur, while Porter & Nagarajan (2005), in India, argued for 5 years minimum business experience. Swieczek & Thanhha (2003), in Vietnam, contended that 4-6 years business experience is appropriate for success.

Methodology

A total of 200 questionnaires were distributed to women entrepreneurs who were clients of 4 micro-finance institutions in the North region of Nigeria. This was made possible with the assistance of the credit officers (loan retrieval officers) of the said micro-finance institutions. The data were analyzed using descriptive statistics.

Results and Discussion

Of the 200 questionnaires distributed, 192 were returned (96% response rate). Out of these returned questionnaires, 158 were correctly filled and therefore used for the descriptive statistical analysis. 34 returned questionnaires (not correctly filled) contained missing data and were simply discarded because those correctly filled were sufficient for the analysis. Also, due to the nature of the statistical method adopted, there was no need to correct for missing data.

Table 1: Data Summary

Variable	N=158	Percentage (%)	Mean
Highest level of education (high school)		51.3	
Age			30
Marital status (married)		67.7	
Number of children			3
Language (fluent in Hausa)		53.2	
Years of business experience			3
No paid employment before starting business		58.2	
Had training/skill acquisition before business		75.3	
Group membership		100	

Source: Author's summary of findings (2009)

The study revealed that 81 (51.3%) of the respondent had secondary school certificate as their highest educational level, 59 (37.3%) had primary school certificate, while 18 (11.4%) had tertiary institution certificate as their highest educational level. This suggested that majority of women entrepreneurs in Nigeria had secondary school certificate. This agreed with the work of Lena & Wong (2003); Roomi & Parrot (2008) but contradicted the work of Kuzilwa (2005), in Tanzania, where the majority of entrepreneurs had primary school certificate. Culture or other environmental influence may account for this variation in the two results. With respect to age; 76 (48.1%) of the respondents were within the age bracket of 30-39, 61 (38.6%) were within 20-29, 11 (7.0%) were within 40-49, 6 (3.8%) were within 50 and above, while 4 (2.5%) were less than 20 years. This suggested that majority of the respondents were of 30-39 years. Those within 20-29 also had reasonable number.

This supported, exactly, the work of Weber & Schaper (2004); Roomi & Parrot (2008). For marital status, 107 (67.7 %) were married, 27 (17.1%) were widowed, 15 (9.5%) were single, and 9 (5.7%) were divorced. This suggested that majority of the respondents were married. This is in consonant with the work of Degadt (2003); Weber & Schaper (2004); Lena & Wong (2003); Roomi & Parrot (2008); Swieczek & Thanhha (2003). Following those married were the widowed. This was a striking difference from previous studies which had married as majority; followed by single, divorced and widowed. Possibly, incidence of violence and diseases may have caused the death of the husbands of such widowed entrepreneurs. 70 (44.3%) had 3-5 children, 54 (34.2%) had 1-2 children, 18 (11.4%) had more than 6 children, while 16 (10.1%) had no children. This suggested that majority of the respondents had 3-5 children. Also, a reasonable number had 1-2 children. This supported the work of Roomi & Parrot (2008) which had the mean number of children of women entrepreneurs as 3. 84 (53.2%) could communicate fluently in Hausa language, 54 (34.2%) could communicate in more than two languages.

12 (7.6%) could communicate in English language, 3 (1.9%) could communicate in Yoruba, while 5 (3.1%) could communicate in Igbo language. This suggested that majority of the respondents understood the local language which is very essential for business success. For years of business experience; 71 (45.0%) had 3-5 years business experience, 44 (27.8%) had 6-10 years experience, 28 (17.7%) had less than 3 years experience, and 15 (9.5%) had 11 years or more business experience. This suggested that majority of the respondents had 3-5 years business experience. This supported the works of Antoncic (2006), Kuzilwa (2005) who argued that a minimum of 3 years business experience is sufficient to assess an entrepreneur, while Porter & Nagarajan (2005) were of the view that 5 years business experience is sufficient. 92 (58.2%) were not under paid employment before starting micro-enterprise, while 66 (41.8%) had paid employment before starting business. 87 (55.1%) had not run micro-enterprise before starting business, while 71 (44.9%) had run micro-enterprise before the new business; possibly due to closure of the former one or as an additional business.

They would have also discovered business opportunities through their work experience and expertise knowledge acquired at work place. This suggested that majority of the respondents were not under paid employment and had not run micro-enterprise before starting business. It showed that they were new entrants into business which may be occasioned by unemployment situation in the country. This also portrayed lack of skill acquisition which called for pre-loan training. The result contradicted the works of Roomi & Parrot (2008); Weber & Schaper, (2004) whose findings suggested that women entrepreneurs had previous entrepreneurial exposure. With regard to training before starting business, 119 (75.3%) had training before business, while 39 (24.7%) had no training before starting business. This suggested that majority of the respondents had training before business. This supported literature which asserted that training before entrepreneurial activity leads to success (Jill et al., 2007; Kuzilwa, 2005; Reavley & Lituchy, 2008; Robinson & Malach, 2004; Wycklam & Wedley, 2003; Ying, 2008). This is why most micro-finance institutions give pre-loan training to their clients. Those who received no training before starting business may have been clients of the micro-finance institutions that offer credit only to their clients. For group membership (social capital/connection networks), it was compulsory for all clients and a pre-condition for loan; therefore, all of them were members of groups. This supported Jill et al. (2007), Reavley & Lituchy (2008) that physical capital, training and social capital/connection networks are vital for entrepreneurial success.

Conclusion

The characteristics of successful entrepreneurs, as highlighted in the literature, were examined in this study with empirical test. The results, in most cases, agreed with established literature that majority of those in micro-enterprises had secondary/high school or primary school education, were of age bracket 30-39 or below, married, had 3-5 children, understood the local language, had 3-5 years business experience, had training before business and were group members. A striking discovery was that those widowed had a reasonable percentage after those married. Possibly, incidence of violence and diseases may have caused the death of the husbands of such entrepreneurs. Another striking discovery was that the majority of the women entrepreneurs were not under paid employment before starting micro-enterprises. It showed that they were new entrants into business which may be occasioned by unemployment situation in the country. This also portrayed lack of skill acquisition which called for pre-loan training. The results of the study conclude that women entrepreneurs in Nigeria possess the necessary characteristics for entrepreneurial success. This confirms that most of the failed enterprises belong to the men.

Recommendations

The government should pay more attention to the women entrepreneurs with regards to extending adequate support services to them, such as micro-credits, training, etc so as to reduce unemployment in the country. This is because the study has shown that most of the entrepreneurs had no pre-business experience; as such pre-business (and post-business) training is necessary for their entrepreneurial success. They also need more attention because, from the study, a reasonable number of them were widowed.

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